

## Executive Summary

This executive summary of MoDOT's 2002 Report to the Joint Committee on Transportation Oversight outlines the department's work in the fiscal year ending June 30, 2002.

Fiscal year 2002 was a successful one for MoDOT in many ways.

- First we delivered 206 highway and bridge construction projects on time and under budget. This is the third year in a row we've been able to continue this kind of positive trend.
- We also awarded a record number of projects in 2002 at 2 percent below what we estimated the bids would be. That's the most projects we've ever awarded and we saved money that we rolled right back into the construction program.
- Finally, our independent audit results were, in the words of the auditor, "As good as it gets," with an unqualified report. We did this while in compliance with new federally required standards for financial reporting. This was the third straight year the department has received such an outstanding rating.

As required by statute, this report includes a review of project plans, project status, funding and financial statements. The report covers MoDOT's \$1.885 billion in expenditures.

The information in the 2002 report complies with all requirements set forth by Section 21.795.2, of the 2000 Revised Missouri Statutes. The comprehensive report will be available on the Internet at [www.modot.org](http://www.modot.org), and at the department's 10 district offices and General Headquarters in Jefferson City.

## Key points from the 2002 Report

### Financial statements

- By law, MoDOT must have its financial data audited by an independent accounting and auditing firm. MoDOT retained KPMG LLP, which reviewed the financial operations of the agency responsible for the 32,000-mile state highway system and the state's aviation, waterway, railroad and transit needs.
  - The fiscal year 2002 auditor's report says that the combined financial statements present fairly, in all material respects, the financial position of the department and the results of its operations and cash flows conform with generally accepted accounting principles.

## Program changes

- Some projects in the construction schedule were reprioritized to accommodate changes in environmental review or right of way acquisition or to adjust to unforeseen circumstances. Some changes happened while working with the metropolitan planning organizations. The changes affect 2002-2003 only.
  - With multi-year projects, reprioritization is a normal part of the construction process and reflects an effort to manage a schedule as efficiently as possible.
  - 126 projects were reprioritized in 2002-2003 (*delayed, accelerated and/or removed*), representing 5 percent of the projects in the 2002-2006 schedule.
- Some projects were identified and added in years 2002-2003. Many are rehabilitation and reconstruction projects.
  - 168 projects were added in years 2002-2003, representing 6 percent of the projects in the overall schedule.

## Forecast of planned expenditures

- The 2002 Report to the Joint Committee on Transportation Oversight includes the amended 2002–2006 STIP and a list of 2003 project amendments. We estimate there will be \$783,000,000 available for construction in 2007. Projects will be determined when the 2004–2008 STIP is developed. A draft 2004-2008 STIP is scheduled to be done in May.
- MoDOT, with the approval of the Missouri Highways and Transportation Commission, did not prepare a 2003-2007 Statewide Transportation Improvement Program for several reasons.
  - Its development first was delayed until MoDOT learned the outcome of the Proposition B funding issue on the statewide ballot this past August.
  - It was further delayed by MoDOT's efforts to look at various funding distribution options to determine the appropriate direction for transportation investments based on the public's priorities – safety, taking better care of the existing system and honoring our commitments.
- MoDOT is working with stakeholders to determine a direction for the 2004–2008 STIP. The department proposes that it reflect a greater investment in rehabilitation and reconstruction needs across the state.
- The 2002-2006 STIP was the first to include program and project funding for aviation, rail, water and transit, providing a total funding picture of all transportation programs administered by MoDOT.
  - During fiscal year 2002, MoDOT administered more than \$50 million in state and federal funds for capital, maintenance and operating assistance to aviation, rail, water and public transit facilities.
    - \$6.2 million for the state's share of Amtrak funding for operations, advertising and railroad station improvements.

- \$412,000 for administrative grants to 12 public port authorities and one port commission.
- \$16.5 million in state and federal aviation funding to improve and maintain Missouri's system of general aviation airports including construction of a new general aviation airport, rehabilitation/expansion of five runways, 14 airfield pavement maintenance projects, and operation of one air traffic control tower.
- Procurement of more than 270 new vehicles for rural and urban public transportation providers, \$20 million in state and federal transit operating assistance and state aid to 200 public transportation providers and organizations serving the elderly or disabled.

### Schedule of funds expended by project for construction work in progress

- MoDOT has 666 highway and bridge projects in the works. The estimated cost to complete these projects was \$3,461,170,000. The actual contract cost for the projects is \$3,525,668,000, a difference of less than 2 percent.
- The estimate for capital projects in progress for other modes of transportation was \$37,804,728. The actual contract cost for these projects is \$36,778,246, a difference of 3 percent. These numbers do not include operating assistance.

### Program estimates compared to costs of projects completed in 2002

- MoDOT is practicing good fiscal management and delivering good value for funds invested in transportation. The 206 projects completed in 2002 cost \$593,898,000, about 1 percent less than the estimates. This is a \$4.7 million savings.
- For the other modes of transportation, the cost to complete capital projects was \$8,896,220, approximately 1 percent over the estimates.

### Recommendations for statutory or regulatory changes

- The Missouri Department of Transportation is striving to maintain its existing transportation system, and continues to work with the available funding for construction and rehabilitation of the state road system and to support other modes of transportation. MoDOT will work with the Governor and the General Assembly in the 2003 legislative session to explore ways to enhance transportation programs and operations and to accelerate project completion.
- MoDOT has identified the following recommended statutory alternatives that could improve the department's effectiveness and efficiency.
  - **Open Container** -- Prohibiting the possession of alcoholic beverages in motor vehicles will help protect the traveling public on Missouri's highways and support the efficient management of MoDOT resources by keeping these funds in their

current federal program. Since Missouri did not have in place an open container law that complies with the new federal statutes by October 1, 2002, MHTC must transfer 3 percent (or \$10.4 million) of its federal highway construction and maintenance funds to safety. This is double the amount lost in 2001.

- **Toll Facilities** -- A joint resolution and enabling legislation would give MHTC the authority to build, maintain and operate toll highways and bridges in Missouri. If approved by the voters, this proposal would help accelerate appropriate highway projects.
- **One Stop Cleanup** -- By making technical changes to strengthen enforcement and align the state statutes with federal requirements, MoDOT employees will be more efficient in the administration of motor carrier services. MoDOT also is concerned with safety on our state system of highways and believes that passage of this legislation will promote motor carrier safety.
- **MHTC Cleanup** -- By correctly identifying the proper names and references for MoDOT and other entities and funds, it will be easier to determine the responsibility for an agency action. It also will identify the correct agency for particular statutory authority.
- **Other issue** – Included in other issues is the distribution of transportation-related funds and a review of bonding authority history and prospects.

#### Expenditures by source of funds by district

- MoDOT is divided into 10 districts that cover the state and work closely with local organizations to provide transportation improvements.
  - Districts handle the details of local expenditures and are held accountable for results.
- The General Headquarters located in Jefferson City provides management of statewide issues and general guidance, support and leadership.
- In 2002, \$1.885 billion in state and federal highway funds was spent in the 10 districts and General Headquarters.